



State of Hawai'i – Public Utilities Commission

Liability Cap Rulemaking (Act 258) – Frequently Asked Questions

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Overview

What is this rulemaking?

The Public Utilities Commission (PUC) is initiating a rulemaking under Act 258 to establish a clear and balanced framework that defines how utility liability for economic damages from catastrophic wildfires will be structured, with the goal of creating a more predictable system before future disasters occur. This effort is intended to help balance affordability, accountability, utility stability, and long-term resilience.

Why is this happening now?

This rulemaking is being conducted in response to the increasing frequency and severity of wildfires in Hawai'i, including the devastating 2023 Maui wildfires, and reflects a broader effort to better prepare the state for future disasters. This effort builds on prior analysis, including the State's [Wildfire Recovery Fund Study](#), which found that utility liability frameworks and long-term recovery funding are closely interconnected. The Study concluded that a wildfire recovery fund may be warranted in the future in some form, but that it should not be designed independently from broader liability considerations.

Is this rulemaking about past wildfire events or ongoing litigation?



No. This process is focused on prospective policy design and future preparedness. It is not intended to revisit or relitigate past wildfire events or ongoing litigation.

What the Liability Cap Does

What is a liability cap?

A liability cap establishes a maximum amount that an electric utility may be required to pay in economic damages resulting from a catastrophic wildfire, provided the utility is operating in compliance with an approved wildfire mitigation plan. The liability cap framework established under Act 258 is intended to help balance affordability, accountability, utility stability, and long-term resilience.

Does this limit accountability?

This framework does not remove accountability, but rather, it's designed to ensure that compensation remains feasible and that utilities can continue to operate and support recovery efforts following a disaster. Utilities would still be required to comply with wildfire mitigation, safety, operational, and reporting requirements established by law and regulation.

What factors must the Commission consider when designing the liability cap?

Under Act 258, the Commission is required to consider multiple factors, including:

- Customer affordability and electricity rates
- Legal rights and recovery considerations
- Impacts on utility operations and service reliability
- Insurance market impacts
- Wildfire mitigation and utility safety
- Public interest protections and accountability measures

Will the liability cap apply the same way to all utilities?

Not necessarily. The rulemaking process will help determine whether the liability cap should:

- Apply on a per-event basis or over a period of time;
- Be a fixed dollar amount, scaled based on utility size, or use a hybrid approach; and
- Include conditions tied to accountability and public interest protections.



Stakeholder Engagement

Why is the Commission asking for stakeholder input?

The Commission is seeking stakeholder input to better understand real-world impacts, tradeoffs, and priorities across communities, industries, and affected groups. Input gathered through this process will help identify key considerations, concerns, and implementation impacts that may inform future rulemaking discussions and policy decisions.

Who is being engaged in this process?

The Commission is seeking input from a broad range of stakeholders across Hawai'i, including community members, impacted individuals and families, advocacy organizations, utilities, insurance stakeholders, policy experts, government agencies, and other interested parties, to help ensure diverse perspectives are considered throughout the rulemaking process.

How can stakeholders participate?

The process is intended to allow participation from a broad range of stakeholders, including:

- Community members
- Impacted individuals and families
- Advocacy organizations
- Industry representatives
- Policy experts
- Utilities
- Insurance stakeholders
- Other interested parties

You do not need technical expertise to participate. Community experiences and perspectives are valuable to this process.

How will feedback be used?

Feedback will help:

1. Identify key risks, concerns, and unintended consequences;
2. Evaluate different approaches to structuring a liability cap; and
3. Understand impacts on residents, ratepayers, utilities, and the insurance market.



Submissions may also help identify:

- Areas of alignment and disagreement;
- Policy tradeoffs; and
- Practical implementation considerations.

Is this a vote or consensus process?

No. This is not a vote or consensus process. Rather, this is a policy-informed rulemaking process grounded in evidence, analysis, and stakeholder input.

Key Topics for Input

What topics is the Commission seeking input on?

Stakeholder input is being requested across several major topic areas, including:

- Affordability and electricity rates
- Legal rights and recovery considerations
- Utility accountability and safety
- Wildfire mitigation and resilience
- Insurance market impacts
- Public trust and community considerations
- Technical liability cap structure and design
- Interaction with a potential future Wildfire Recovery Fund

Will the Commission consider community trust and lived experience?

Yes. Public trust, lived experience, and community priorities are important considerations in the stakeholder engagement and rulemaking process. The Commission recognizes that clear, accessible information and meaningful participation are important to informed policymaking.

What kinds of accountability measures are being considered?

Act 258 requires the Commission to consider accountability measures, including:

- Annual compliance reporting requirements;
- Corrective action procedures if utilities fail to meet required standards;
- Wildfire mitigation planning and implementation; and



- Impacts on utility management practices, service quality, and customer affordability.

Relationship to the Wildfire Recovery Fund

Is this rulemaking creating a Wildfire Recovery Fund?

No. This rulemaking does not establish a Wildfire Recovery Fund. Rather, it focuses specifically on how the liability cap framework should be designed while recognizing the potential future interaction between the two policy tools.

How are the liability cap and a Wildfire Recovery Fund related?

The Wildfire Recovery Fund Study found that utility liability and wildfire recovery mechanisms are interconnected and should be considered together when evaluating long-term policy solutions. The liability cap and a potential Wildfire Recovery Fund are related but distinct policy tools.

Will stakeholders be able to provide input on how the two tools interact?

Yes. The Commission is seeking input on how these policy tools may interact and what considerations should guide future policymaking.

Process & Timeline

What is the timeline for this process?

The stakeholder engagement process is expected to begin in late-spring 2026, followed by analysis, stakeholder follow-up discussions, and development of rulemaking proposals. Additional opportunities for public participation are anticipated as the process continues through 2026 and into 2027.

What happens after stakeholder input is collected?

Feedback gathered through stakeholder engagement will help inform:

- Future rulemaking discussions;
- Draft proposals;
- Policy considerations; and



- Development of the administrative record supporting the rulemaking process.

Will there be additional opportunities for participation?

Yes. Additional opportunities for public participation and input are anticipated as the rulemaking process continues. Please be on the lookout for updates and announcements on the PUC Liability Cap Rulemaking webpage at puc.hawaii.gov/hazard-mitigation-resilience-and-recovery/liability-cap-rulemaking/for updates and announcements.

Has the Commission already decided what the liability cap will look like?

No. The Commission has not predetermined the final structure of the liability cap and is seeking input on a range of potential approaches and considerations.

Transparency & Trust

How will the process remain transparent?

The stakeholder engagement process is designed to support broad and accessible participation across Hawai'i. Input will primarily be collected through written submissions to help ensure the process remains open, inclusive, and well-documented.

Why is the process focused on written submissions?

The process prioritizes written submissions to support broad accessibility, encourage thoughtful and detailed input, and create a transparent and well-documented administrative record of stakeholder perspectives.

Will stakeholder input determine the outcome?

Stakeholder input will help inform the development of the rules by identifying key considerations, concerns, and tradeoffs. Final decisions will ultimately be made by the PUC based on the full administrative record and applicable legal requirements.

Why is community participation important?

Community perspectives help ensure that the rulemaking process reflects Hawai'i's unique needs, risks, priorities, and lived experiences. The process seeks to ensure a broad range of perspectives are heard, including perspectives related to affordability, accountability, legal rights, wildfire resilience, utility operations, and community trust.



Where can I learn more or participate?

Additional resources, stakeholder engagement materials, and participation information will be made available through the PUC Liability Cap Rulemaking webpage at puc.hawaii.gov/hazard-mitigation-resilience-and-recovery/liability-cap-rulemaking/. Information will include background materials, key definitions, and instructions for submitting feedback.

What if I have questions or need clarification about the process?

Stakeholders who have questions or need clarification about the stakeholder engagement process or submission materials may contact the PUC communications team at puccomms@paakaicomunications.com for additional support and information.

Will submissions be made public?

Written submissions may be made publicly available to support transparency and accountability in the rulemaking process.

How is the Commission ensuring fairness across communities?

The Commission is designing this process to incorporate diverse perspectives across communities and sectors, including consideration of different impacts, equity considerations, and community priorities.

Anything else I should know?

This process is intended to support thoughtful, balanced policymaking that reflects Hawai'i's unique needs, risks, and long-term resilience goals.

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